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NATIONAL INTELLIGENCE DAILY CABLE

Monday October 18, 1976

CI NIDC 76-244C

**NATIONAL SECURITY INFORMATION**

Unauthorized Disclosure Subject to Criminal Sanctions

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National Intelligence Daily Cable for Monday October 18, 1976.

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

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[ ] The six-member "mini summit" convened in Saudi Arabia yesterday after an initial round of informal meetings on Saturday. Syrian President Asad, responding to a request from his Saudi hosts, has called a temporary halt to the Syrian offensive in Lebanon ostensibly to facilitate negotiations at the summit.

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[ ] Saudi Crown Prince Fahd announced yesterday that the first session had gone well and that the Arab leaders--who include presidents Sadat, Asad, and Sarkis, Palestinian chief Yasir Arafat, King Khalid, and Kuwaiti Amir Sabah--will reconvene after their foreign ministers complete a "working paper" on settlement proposals.

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[ ] Egypt has submitted a long list of proposals which contains a recognition that the Palestinians must adhere to the Cairo Agreement. The Egyptian recommendations, however, carefully skirt the controversy over the interpretation and implementation of the accord and seem to be an attempt to make Egypt look like an earnest mediator rather than a serious effort to resolve the Lebanon conflict.

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[ ] The only other reported recommendation is a proposal by Asad that the Palestinians set up a government-in-exile based in Damascus. Issues involving the composition of the Palestinian leadership, its base of operation, and its relationship with Syria will be the most contentious before the summit and will complicate attempts to solve the more immediate problem of setting terms for a cease-fire in Lebanon.

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[redacted] Syrian troops in Lebanon had begun to reduce their military activity even before Asad's call for a temporary cease-fire. Although intermittent fire continues on the two main Syrian fronts, the heavy bombardment of Palestinian positions around Alayh has tapered off [redacted]

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[REDACTED]

[REDACTED]

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[REDACTED] In the south, heavy Syrian shelling of the Port of Sidon on Friday apparently caused a number of cargo ships to flee Lebanese waters for Cyprus. The Cypriot news agency announced over the weekend that a ship of Greek registry that arrived in Larnaca had been hit by Syrian fire and suffered at least four casualties. Unconfirmed reports from Lebanon claim that Israeli ships intercepted a number of the fleeing vessels.

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[REDACTED]

[REDACTED]

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RHODESIA: ZANU Congress

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[REDACTED] //Robert Mugabe is likely to be elected president of the Zimbabwe African National Union at a ZANU Congress to be held in Lusaka, Zambia on Friday and Saturday [REDACTED]

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[REDACTED] //Mugabe is secretary-general of ZANU and chief spokesman for the ZANU military wing, which fields the majority of the insurgents active against the Rhodesian government. The ZANU central committee believes that Mugabe should be elevated to the presidency because he--and not the current president, Ndabaningi Sithole--was invited by the British to the conference opening in Geneva on October 28 to prepare Rhodesia for legal independence under black majority rule.//

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25X1 [ ] //Sithole, who founded ZANU in 1963, has been virtually written off by the present ZANU leadership as the result of tribal frictions and political differences within ZANU. Nevertheless, he insists publicly that he will lead the ZANU delegation to the Geneva conference.//

25X1 [ ] Mugabe, who will participate in the Geneva conference along with delegations led by Joshua Nkomo of the Zimbabwe African People's Union and Bishop Abel Muzorewa of the African National Council, has encountered difficulty putting together his own delegation. //He has wanted to include in his delegation a number of ZANU officials who are now in jail in Lusaka as the result of a bloodletting between ZANU factions in Zambia early last year. The Zambian government reportedly released four of these officials--Mugabe supporters--over the weekend so that they can attend the ZANU conference. We do not know if the Zambian government will allow them to travel to Geneva.//

25X1 [ ] //The Zambian government also is said to be considering the release of Josiah Tongogara, ZANU's defense chief, who is on trial for the assassination of one of his rivals. Tongogara overshadows Mugabe in popularity among the Karanga faction of ZANU's guerrillas, and his acceptance of whatever terms are reached at the Geneva conference is important if a cease-fire or de-escalation of guerrilla operations is to be achieved.

25X1 [ ] At a press conference yesterday in Zambia following a meeting of the "front-line" presidents, Tanzanian President Nyerere stated that guerrilla activity cannot cease until an interim government is installed in Rhodesia. He called upon the British to assume a major role in establishing that government. Nyerere probably was expressing the consensus of the meeting--which also included Muzorewa, Nkomo, and Mugabe--even though no official statement was issued. [ ]

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EC: European Joint Float

25X1 [ ] The six members of the European joint float yesterday announced a realignment of the parities at which their currencies are officially maintained against each other.

25X1 [ ] The announcement followed a special meeting at the Bundesbank in Frankfurt. West German Finance Minister Hans Apel said that the float members had pledged to undertake programs of economic stability aimed at maintaining the new official exchange rates.

25X1 [ ] At the start of trading today the West German mark will be revalued upward 2 percent against the Belgian franc and Dutch guilder, 3 percent against the Swedish and Norwegian crowns, and 6 percent against the Danish crown.

25X1 [ ] Anticipation of the snake realignment has caused hectic trading conditions in the world currency markets on several occasions during the past few months. Yesterday's move, however, came after a week of relative calm, and the timing may have taken most traders by surprise. The only question remaining is whether the relatively small moves against the Belgian franc and the Norwegian and Swedish crowns will be enough to relieve market pressures on those currencies.

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SPAIN: Political Reform

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[ ] The government of Prime Minister Suarez is remaining firm in its commitment on political reform in spite of criticism from the right and the left. The cabinet agreed Friday to send its reform bill to the Parliament as originally proposed last month.

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[ ] Although the cabinet refused to accept any of the debilitating amendments proposed by the National Council--the overseeing body of Franco's National Movement party--the council's recommendations were sent along as an accompanying document. The proposed amendments are not binding, but, by including them, Suarez may hope to reassure the right of his commitment to consult with all political tendencies.

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[ ] To limit the right's efforts to delay approval of the bill, the cabinet agreed to invoke the "urgency" procedures set up under the previous government, which limit consideration to 25 days.

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[ ] No timetable has been given, but the government probably is aiming for a final vote sometime prior to November 20, the anniversary of Franco's death and the date when several ultraright organizations are planning a still unauthorized massive rally in downtown Madrid.

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[ ] The government remains confident that it can push the reform bill through the legislature.

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[ ] Nevertheless, the recent formation of a rightist Popular Alliance, headed by former interior minister Fraga and six other former ministers under Franco has caused concern among centrists and leftists that the new group will spearhead a move to dilute the reforms in Parliament. Since Fraga was a leader of reform in the Arias government, it is not yet clear how much change in the reform bill the new alliance will seek.

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[ ] A leader of the alliance responded to a virulent editorial in a prominent Madrid newspaper last week, which labeled the group as "neofascist," with an appeal for dialogue and compromise. This may be an effort to mask the right's efforts to water down reforms. [ ]

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